

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
MAY 2007**

Date: June 29, 2007

To: All Civil Service/Exempt Departments

From: State Controller's Office
Pam Keegan, Manager
Cynthia Rounds, Manager
Personnel/Payroll Operations

Re: PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES

This recaps the May 10, 2007 Personnel/Payroll Review Committee (PPRC) meeting and provides information for the July 12, 2007 meeting.

We would like to thank those department representatives that participated in the May meeting for their time and effort. There were 31 representatives from 21 departments that participated in this meeting.

Personnel/Payroll Review Committee
May 10, 2007 Meeting Notes

Cynthia Rounds called the meeting to order at 1:30.

Departments Represented:

California Horse Racing Board, California State Library, Corrections, Developmental Services, Emergency Services, Employment Development Department, Financial Institutions, Food and Agriculture, Franchise Tax Board, General Services, Justice, Mental Health, Motor Vehicles, Public Utilities Commission, State Controller's Office, Statewide Office of Health Planning, Toxic Substances Control, Transportation, Unemployment Insurance Appeals Board, Veteran's Affairs, Water Resources.

Old Business:

None

New Business:

Agenda Items
Distribute Handout Materials
Approve Prior Meeting Notes
Guest Speakers
SCO Update
Department Issues/Concerns
Confirm Next Meeting Agenda, Time and Place
Discussion:

Approved March 2007 meeting notes.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
MAY 2007**

Special Announcement: After a career of providing fine service to the State Controller's Office and the people of California, Don Ward is retiring. Don will leave at the end of May. Pam Keegan is the new Operation's Manager.

Guest Speaker: William Page, DPA Benefits Division, provided clarification and reiteration of the 6-month limitation of dental retroactive adjustments. Per DPA PML 2005-024 dated 08-09-05, adjustment and or refund will be processed only for the prior 6 months of premiums. This is important to your employees who are late in requesting deletion of a dependant. DPA is receiving Board of Control claims requesting adjustment for pay periods prior to the new limitation. When dental forms are submitted, you will show the actual date of deletion/cancellation, but SCO will only adjust the 6 months.

Retiree Vision Benefit: AB 2242 Chapter 611 established the new benefit of Vision coverage for retired State employees. DPA is just completing the special Open Enrollment (OE) period. This benefit is addressed in DPA PML 2007-008 dated 03-05-07. DPA Form 695 is used to enroll your current retirees. Send the completed form to Vision Service Plan (VSP). Your involvement is to get the word out to our employees who are retiring and provide assistance with the form completion and submission to VSP.

There is a 12-month minimum participation in VSP, but depending on the enrollment date and the next open enrollment period, some retirees wishing to drop out may be in the program longer. There is a 60 day election period for both COBRA and Retiree Vision Program. Retiring employees may use this time to look over the materials you provide and make their decision concerning enrollment.

You must offer COBRA vision benefits as well as the new Retiree Vision Program, since there will be a change in the terms and conditions of the active employee vision plan. This may result in some retirees having dual membership. There is nothing in the law that precludes this. DPA has an analyst who is looking in to all the various scenarios and will enable us to be proactive in working out difficulties. If you need to contact the analyst on this issue, please contact:

Lisa Hatten
(916) 323-2712
LisaHatten@DPA.ca.gov

Question: There is another complication as COBRA is only an 18 month benefit. How are we to explain this to our retiring employees?

Answer: You must offer COBRA and the enrollment information. The employee must make the decisions for enrollment.

Question: Would COBRA 18 month expiration be considered a permitting event?

Answer: No. The retiree will be able to enroll in the Retiree Vision Program during the next OE period, not at the end of the 18-month COBRA continuation period.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
MAY 2007**

Question: Will the OE period change?

Answer: DPA Benefits Division will send out annual OE information to all covered members.

Question: What if a retiree does not elect vision at the time of retirement? Will they receive information?

Answer: No, our OE contact information will be derived from the enrollment data. The various labor unions and other retiree associations make a good effort to keep their membership apprised of this type of information. They can also find this information at DPA's website; www.dpa.ca.gov.

Question: How were recent retirees notified?

Answer: CalPERS used their data base through a certain timeframe to give us good contact information so that we were able to contact the recent retirees.

Question: If someone elects to enroll in both the Retiree Vision Program and COBRA (active employee vision plan continuation coverage), will VSP's system reject the enrollments?

Answer: VSP's system will not reject dual coverage for members enrolled in both the retiree vision plan and COBRA.

The chart showing the advantages in enrolling in the new Retiree Vision Program can be found by clicking on the following link:

<http://www.dpa.ca.gov/benefits/health/Vision/retiree/CA-Annuitant.pdf>

Please see page two for details.

Guest Speaker: Dave Edwards, Manager SCO's, Customer Support Section, provided some information from the Statewide Training Section. We just mailed out the Needs Assessment. Based on data from our users we are providing more of the fundamental classes so that your staff can meet the pre-requisites for the more advanced classes. We are able to provide 79% of the training requested now which is a great improvement from the previous 53% of requests a few years ago.

Voluntary Personal Leave Program (VPLP). We continue to work with you on identifying employees who have exceeded the maximum allowable 240 hour leave balance cap. For those identified, SCO is processing a 350 transaction deleting the VPLP earnings ID, and sending you the turnaround PAR. We are still working on automating the process. The June pay period is going to be the busiest month as this is when the employees who have an 8 hour leave credit will reach the cap.

Question: What about employees who have both an MSA and a 350 in a pay period? Will we receive both the MSA and 350 turn around PARs?

Answer: Yes, PPSD will send out both turn around PARS when appropriate.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
MAY 2007**

The CLAS Unit is almost finished with the intermittent tracking processes. We are creating new reports for employees nearing or reaching the various thresholds for retirement eligibility, benefits, leave accrual changes, etc.

Guest Speaker: Pat Quinn, SCO 21st Century Project. Pat delivered an excellent [Power Point Presentation](#) on the project.

The majority of the presentation discussed the preparation and plans to provide the end-user training program. A training plan has been developed and addresses the following:

- Identification of the projects training needs
- Designing the training curriculum
- Developing materials (training guides, on-line system simulations, job aids, etc.)
- Delivery (instructor-led and online)
- Program evaluation and incorporating lessons learned
- Ongoing and post go-live support

The classroom training approach was discussed as were the training facilities, self service users, department participation and the development of the end user training team.

We are currently in the Realization Phase of the project, and we are configuring the software. We hope that by the next meeting in July we will be able to provide a demonstration of some system screens.

The 21st Century Team is growing. We had 30 staff one year ago, and we have 150 now. These team members are comprised of staff from SCO, DPA, Bearing Point, and KPMG.

We are planning to conduct a department stakeholder meeting in June 2007. If you want to be notified of the date(s) and location(s) you can subscribe to the project's update list at: <http://www.21stcentury.ca.gov> . Follow the instructions for subscribing by clicking on the **email subscriptions** link on the left of the screen.

SCO Update:

Pam Keegan addressed the following:

Deceased Employee Designee Information: Occasionally we have a situation where a financial institution is unwilling to cash the warrant, even though we have followed the proper procedures. We had this occur recently and in discussion with the financial institution they told us that even though we provided the designee information on the back of the warrant they had their own internal process that had additional requirements. This particular financial institution requires a copy of the Death Certificate and a Small Estate Affidavit. There is nothing that prohibits a financial institution from having their own policies.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
MAY 2007**

If you have a similar situation the designee needs to ask what the financial institution's particular policy is so that they will be able to provide the required documentation. They may also wish to refer the institution to the Government Code section 12479.

Question: Can the designee present the warrant to the State Treasurer's Office and have it cashed?

Answer: Yes, for any designee in the Sacramento area, this is a viable option. It is not a good option for someone who is a great distance from Sacramento.

Question: Will there ever be procedures in the Payroll procedures Manual for the stipulation process?

Answer: These stipulated agreements are each so individual and unique, that it would be very difficult if not impossible to cover all the contingencies in the PPM.

The best process is to take the time to read through the stipulated agreement thoroughly so that you have a good understanding of what the intent is of the agreement. If you are required to document employment history changes or payroll; then make sure you are fully satisfied that you understand all the elements of pay, deductions and benefits to be made to the employee. If you have questions, then talk to the person who signed the agreement and ask what they intended the action to be. You may also refer to your labor relations officer, your department's legal office, DPA, etc so that you know you are complying with the intent of the agreement.

If the intent of the agreement is that the employee have a lump sum payment, then you need to know if it is to be paid through the payroll system and subjected to mandatory deductions or if it is to be outside the payroll system and be paid as a claim. Interest and penalties are paid as a claim.

Question: I mailed a stipulation 2 weeks ago and have not heard anything yet?

Answer: Our staff must audit for all the necessary components before processing a stipulation. Please be sure that you are sending in everything that has been requested.

Question: How does it work if the employee's stipulation voids a separation and now there is lump sum outstanding?

Answer: It is up to the employee to tell you what their wishes are in regards to the lump sum time. If the employee wants to keep the money and not have lump sum time restored, then this is an option they are entitled to have. You will document on any 674 to be submitted that the employee wishes to retain the lump sum pay. This does not impact the regular pay time due to the employee under the stipulations. The taxes may however aggregate and this is something the employee may need to know.

Sometimes, depending on the number of months of retroactive adjustments that are necessary, we need to pay so far into the past that we have to "dummy" issue years. This happens because we do not have the internal system calendars to pay the oldest pay periods. We will try to keep you informed of the pay periods involved so that you will not be confused. It does happen that we pay multiple pay period years in one, so

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
MAY 2007**

that you would see multiple adjustments with differing salary rates in the same pay period.

Social Security Cards: There has been a change in the appearance of Social Security cards issued after April 2007. The new cards contain the issue date and the surname appears on a separate line.

Cindy Rounds provided the following:

Staffing Changes: We have 8 Payroll Specialist vacancies, one Senior Payroll Specialist and 2 Personnel Specialist vacancies within PPOB. We have made hiring commitments for all of the payroll specialist positions and will have the new staff all here by the middle of June. It is inevitable that we will continue to have some impacts from this number of trainees. We will do everything we can to keep the impacts low.

Incorrect Retirement Account Codes: We had an issue reported to Don Ward; CalPERS is finding new state employees assigned to an ARP retirement ID that is incorrect. These are employees that have prior public employment and are already PERS members. Instead of the usual TJ account code; the prior public employees should have account code 4L. You may not be aware of the prior public employment and would therefore be correct in assigning the TJ account code. PERS would process an R01 and we would reflect the 4L based on that transaction. You can find additional information on the situation in PPM section H214.

Question: In some cases when you key these employees into ACES they will be identified as already having PERS membership. Is this a reliable indicator of prior public service employment?

Answer: This is not a reliable indicator of prior funds on deposit with PERS.

Question: Is retirement Account Code 4L a CalPERS eligible code that the department can use?

Answer: Yes, if the department has contacted CalPERS prior to keying a new employee's PAR and CalPERS verified that the new employee has prior funds on deposit then the 4L retirement ID is appropriate. The department should make a remark in item 215 on the PAR that employee had prior funds per CalPERS.

PSD40: We are developing a new Form PSD40. It will be a computer generated form similar to the PR250 Payroll Irregularity Notices we have been sending for quite some time now. If you have any questions or issues with this new communication, please call Linda Danko at (916) 322-8111 or send an e-mail to: ldanko@sco.ca.gov.

Fiscal Year End: Just a reminder, we are in the middle of fiscal year end processing. The Finance Conversion Code listing and the Annual Payroll Headers (PR421) were sent out last week. They are due back May 23. If you are unable to meet this deadline please call me at 324-6290 and we'll work out a new due date for you if possible.

607's that you want processed for basic position related items must reach us by June 15 in order to guarantee they will be keyed by June 30.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
MAY 2007**

If you have employment history records that need to be updated (correct position number, see that pay issues correctly so that final month of June pay issues to save something from going on the Vacant Position Report) they must be done by June 23.

The Final Vacant Position report will be run on June 30, 2007 and then will be sent out with the Schedule 8 after the first of July.

Any documents you send to us to re-establish positions per the Vacant Position Report that fall under GC12439 have to reach the SCO by August 15. Any that do not make this deadline must be sent to the Department of Finance for approval.

Next Meeting:

The next meeting is Thursday July 12, 2007 from 1:30 to 3:00 at:

State Controller's Office
300 Capitol Mall, 6th Floor, Room 635
Sacramento, CA 95814

The PPRC encourages attendance by department representatives interested in improving the efficiency of personnel/payroll administration. However, if you are unable to attend these meetings and you have an issue or question you would like the committee to address; please contact Pam Keegan or Cynthia Rounds with pertinent information.

Listed below are the PPRC meeting dates for the 2007 calendar year. All meetings are from 1:30 to 3:00 at the above location.

September 13, 2007
November 8, 2007

Should you have any questions regarding the PPRC meeting or have additional information to provide, please contact either Ann Mitchell at (916) 322-7978 or Cynthia Rounds at (916) 324-6290. They can also be reached via email at anmitchell@sco.ca.gov and crounds@sco.ca.gov , respectively.